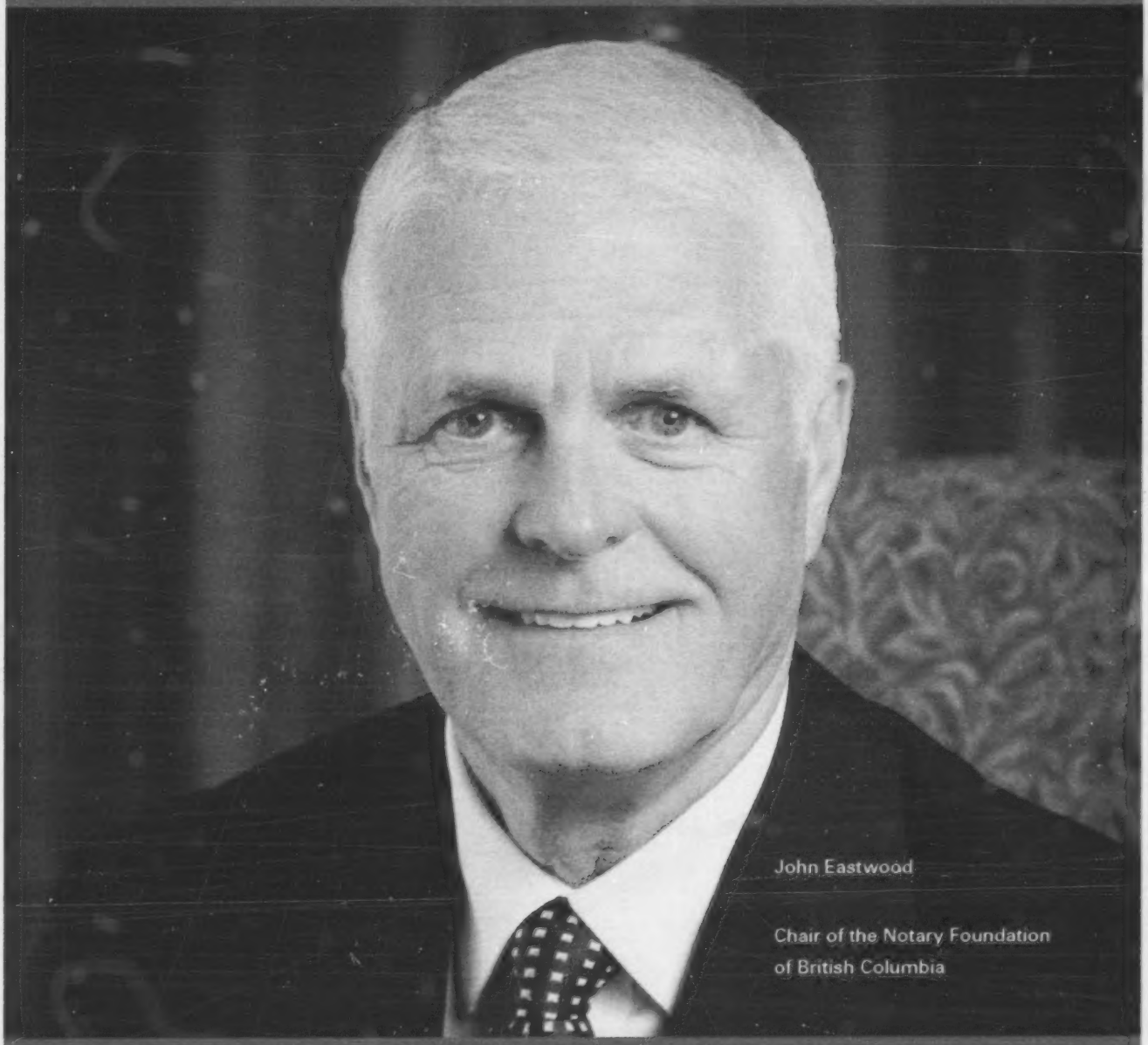
BUILDING BETTER COMMUNITIES, ONE GRANT AT A TIME

THE NOTARY FOUNDATION OF BRITISH COLUMBIA



John Eastwood

Chair of the Notary Foundation
of British Columbia

2014 ANNUAL REPORT

July 1, 2013, to June 30, 2014

Building Better Communities, One Grant at a Time

Mandate

The Notary Foundation helps the people of British Columbia by providing funding for legal aid, legal research, and public legal education, while supporting the professional development of BC Notaries and Notarial candidates.

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Cover photo: www.wildmanphotography.com

Message from The Chair
John Eastwood

The revenues of the Notary Foundation depend almost entirely on the interest earned in BC Notaries' Trust Accounts.

During this time of unprecedented low interest rates, it is challenging for us to keep revenues at a level where we can pay administration costs and continue our grants to community groups. I am delighted to report that again this past year, we have managed to increase revenues, support many programs in the legal community, and send an additional $120,000 to the Legal Services Society of BC.

We were also able to reach out beyond the borders of the Greater Vancouver area to provide a grant for an excellent program in Nelson, BC, and our Board of Governors again chose to support the superb and valuable work of the British Columbia Law Institute.

Our Board met four times this past year. The information on the next page outlines the grants we made and the funds we have invested in our two reserve funds. The funds are managed by Dixon Mitchell under an Investment Policy document that sets out our goals and requirements for investment.

By design, we are invested in very conservative bonds and some securities. The funds we are holding are to be preserved to meet our mission of **Building Better Communities, One Grant at a Time**.

The members of our Board of Governors are excellent representatives of the Notary Foundation. It is a privilege to work with each one of them.

Our dedicated staff members continue to help manage our Foundation in an outstanding manner.

Our team of BC Notaries continues to seek innovate ways to improve our service to the legal community in British Columbia.

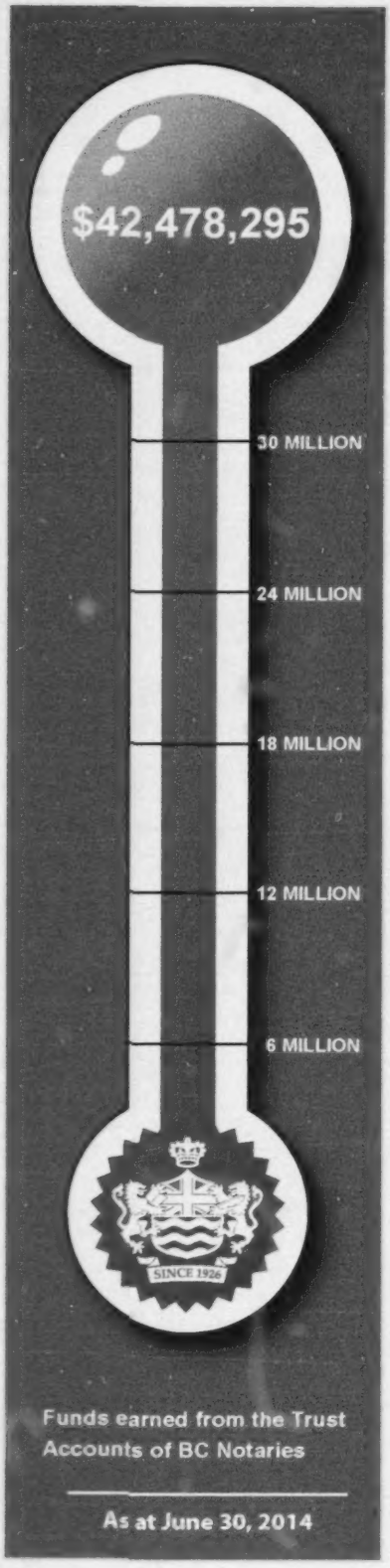
Recipient	Grant	Project
BC Law Institute	$15,000	Strata Property Law: Phase Two
Alzheimer Society of BC	$20,000	Legal Education Series
Nelson CARES Society	$4,200	Family Law Workshops
PovNet Society	$26,000	Advocapedia: Part 2
Social Health & Economic Development	$19,901	Mid-Coast Elder Law
TRAC Tenant Resource & Advisory Centre	$20,000	Expansion of PLE on Residential Tenancy Law
BC International Commercial Arbitration Centre	$20,000	Strata Resource Toolkit Committee – Online Tool
Legal Services Society	$896,802	Legal Aid

INVESTMENT PORTFOLIO REVIEW

PORTFOLIO ACTIVITY
July 1, 2013, to June 30, 2014

Beginning Portfolio Value	$2,155,663
Additions, Withdrawals, Expenses	($541)
Gains & Losses	$146,827
Interest, Dividends, Fees	$80,994
Net gains & Losses	$227,281
Ending Market Value	$2,382,944

Respectfully submitted,
John Eastwood



BUILDING BETTER COMMUNITIES, ONE GRANT AT A TIME

The Board of Governors

The Board of Governors of the Notary Foundation of BC is comprised of

- 8 members of the Board of Directors of The Society of Notaries Public of BC;
- 1 representative from the Attorney General's office in Victoria;
- 2 Directors-at-Large, appointed by the Attorney General; and
- the Executive Officer.

The members from The Society are elected by the Directors of The Society from among their ranks, for a 3-year period.

The Current Governors

John Eastwood, Chair
Ken Sherk
Akash Sablok
Rhoda Witherly
Tammy Morin Nakashima
David Moore
Leta Best
Lisa Nakamura
Filip de Sagher

John Eastwood

Ken Sherk

Akash Sablok

Rhoda Witherly

Tammy Morin Nakashima

Wayne Braid

G. W. Wayne Braid, Executive Officer of the Notary Foundation, is responsible for the administration of the office and staff, and the diverse investment funds of the Foundation.

The Board of Governors meets quarterly to consider applications for funding from various organizations and to set policy, review the Foundation's financial status, and provide direction for the administration of the Foundation.

The Governors of the Foundation have the responsibility of guiding the Foundation in its mandate to disperse the funds generated by interest on BC Notaries' Trust Accounts.

David Moore

Leta Best

Lisa Nakamura

Filip de Sagher

The Notary Foundation funds are used for the following purposes.

1. Legal education
2. Legal research
3. Legal aid
4. Education and Continuing Education for BC Notaries and applicants who have enrolled to become BC Notaries
5. Establishment, operation, and maintainance of law libraries in BC
6. Contributions to the Special Fund established under the *Notaries Act* of BC

Jane Dyson

SPOTLIGHT ON GOOD WORKS

BC Notary Foundation and BC Coalition of People with Disabilities

From *The Scr[illegible]ener* Magazine, Volume 22 Number 3, Fall 2013

A good friend to BCCPD over the years, the BC Notary Foundation has provided us with the funding needed to complete a number of important legal education projects for the disability community.

For example, in 2008 the Foundation's support enabled us to increase awareness about Representation Agreements and Adult Guardianship legislation. Another grant from the Foundation meant we were able to update our Canada Pension Plan Disability guides and have them translated into Chinese and Punjabi.

Each year we assist hundreds of people with disabilities living on low incomes to access provincial and federal disability benefits, mobility aids, special diet allowances, dental services, and subsidized housing. Many of the people we assist are homeless or at risk of being homeless.

Each year we assist hundreds of people with disabilities living on low incomes...

We produce an extensive range of self-help guides and community advocates manuals and write briefing notes on issues of importance to the disability

community, particularly with respect to legislative change. We operate an HIV and Wellness program and an emergency preparedness program.

We publish *Transition*, a quarterly magazine that is a unique community-based resource for people with disabilities, their families, caregivers, community organizations, health care professionals, policymakers, and the general public. The publication is a forum for accessible information about programs, research, and issues impacting people with disabilities.

Thanks to the generous support of the BC Notary Foundation, our Fall 2013 *Transition* is a special legal-resource issue—"People with Disabilities and the Law." This resource will help people with disabilities and their networks have a better understanding of how the law can support them and of the legal safeguards and supports available.

We're excited about the issue. Thanks to the Notary Foundation, it will be an important legal resource for the disability community.

- How have people with disabilities used the law to advance their rights? We examine the 2012 Supreme Court of Canada *Moore* decision that found North Vancouver School District discriminated against Jeff Moore, a student with dyslexia who was denied educational supports. Moore's lawyer Frances Kelly will write about this groundbreaking case.
- What does the UN Convention on the Rights of People with Disabilities (CRPD) mean for the disability community? Vangelis Nikias, who represented Canada during the CRPD negotiations, provides his expert analysis. We will also provide detailed information about the important services BC's Notaries provide for people with disabilities and review BC's duty to accommodate rules.

BCCPD's Board, staff, and volunteers are sincerely grateful to the BC Notary Foundation for its support and to the BC Notaries for the important services they provide to our community. ▲

Jane Dyson, MA, is Executive Director of the BC Coalition of People with Disabilities (BCCPD). Responsible for the management of projects and community initiatives designed to enable people with disabilities to live with dignity and independence in their communities, she played a leadership role in founding the Disability Without Poverty Network and works closely with key stakeholders in the custom transit field.

On the Board of the Nidus Personal Planning Resource Centre and Registry, Jane is a member of the Vancouver Foundation's Disability Supports for Employment Advisory Committee and the Regional Steering Committee on Homelessness.

jwd@bccpd.bc.ca
www.bccpd.bc.ca

Note: This organization is now called Disability Alliance BC.

jwd@disabilityalliancebc.org
www.disabilityalliancebc.org

Shahnaz Rahman

SPOTLIGHT ON GOOD WORKS

Mothering with Disabilities

From *The Scrivener* Magazine, Volume 22 Number 4, Winter 2013

In 2012, child welfare authorities sought to remove a new-born baby immediately after birth from a couple who both had cerebral palsy.

Authorities identified that the parents would need support in caring for their child, but instead of the state providing that support, they were willing to spend significant dollars to remove the child from the home.

> **"We know that we need help, but we know that we are the best thing for our boy right now..."**

The mother told CBC, "We know that we need help, but we know that we are the best thing for our boy right now. We both wanted to be parents and now we are, and we don't want to give anyone control of our family."

That is just one example of the stigma against parents with disabilities. That stigma—that parents with disabilities are less able to parent—shows up in the way that law and policy are designed and implemented. Since we know that women disproportionately carry the burden of child care and single mothers head up the vast majority of lone parent households, this stigma against parents with disabilities is particularly borne by women.

Moms with disabilities face unique challenges in the intersection between gender and disability. Mothers may lose their children through custody disputes or child protection proceedings because of perceptions about their abilities, rather than the best interests of their children. Women seeking to be mothers also face greater difficulties than nondisabled women in exercising their reproductive rights or accessing reproductive technology.

A recent US study showed that the American legal system discriminates against disabled parents and their children. Statistics show that child-removal rates from parents with psychiatric disabilities are as high as 70 to 80 percent. From parents with intellectual disabilities, the rates range between 40 and 80 percent. No similar research exists on the Canadian legal system.

In response, West Coast LEAF is currently working on a project called "Mothering with Disabilities." We are exploring the answers to three questions.

- What are the legal issues facing mothers with disabilities?
- What are the legal rights of mothers with disabilities and how do existing laws and policies impact these women's rights as parents?
- And finally, how should these laws and policies be reformed to ensure greater respect for the rights of mothers with disabilities?

Our work in this area is informed by a number of key principles, including that the voices of mothers with disabilities must form the basis for all law reform recommendations and that while decisions concerning child custody and care must always be made in the child's best interests, very often the outcomes for children will be better when the rights of their mothers are respected.

The project has been undertaken with the hope that the research will not only shed light on the kind and extent of discrimination faced by disabled mothers, it will also help trigger a change in the way their capabilities as parents are viewed. We expect our final report to be published later next year.

We are grateful for the support of the Notary Foundation of BC on this project. ▲

For more information on this project, please contact **Shahnaz Rahman**, Manager of Community Outreach — Family Law Project.

familylaw@westcoastleaf.org

West Coast LEAF is currently the only organization in British Columbia that uses the law to further women's equality. We expose, amend, and educate about discriminatory policies and practices to create a more equitable society.

www.westcoastleaf.org

SPOTLIGHT ON WAYNE STRANDLUND

New Chancellor and Chairman of the Board of Royal Roads University

From *The Scrivener* Magazine, Volume 23 Number 1, Spring 2014

Photo credit: Sonny Strandlund

The Scrivener: **Please tell us about your heritage and your background in business.**

Wayne: I am Métis. I spent the happiest days of my life on the Cowessess and Sakimay Indian reservations on the south slope of the Qu'Appelle Valley. My aunt Loretta taught school on the Cowessess and we gardened at Marieval, the Mission at Crooked Lake on the Sakimay. God's country.

I held dozens of jobs before starting my own business at age 21. I am engaged in real estate work including sales, valuation, development, construction, and mortgage investing. It's been a great adventure with lots of interesting ups and downs and challenges . . . and it keeps me outdoors.

The experience with the Notary Foundation strengthened my family's resolve to improve community life by helping out with money, elbow-grease, and encouragement.

The Scrivener: **When did you become associated with The Society of Notaries Public of BC?**

Wayne: I've done business with several Notaries . . . BC Notaries are special people with both feet on the ground, family-oriented, and approachable.

Early in my career I met Leta Best, a fairly new Notary with a firm called Kitto & Kitto (later Kitto & Best). Thus began my life-long association with BC Notaries. Not only did Leta become a trusted advisor and mentor, she became a friend. I remember Leta with great fondness. She embodies the unique qualities that distinguish the Notary

Public within the legal profession. The Notary is part of the Tradition of Trust. God was smiling on me when I encountered Leta way back then.

The Scrivener: **In 2005 the Attorney General of BC appointed you to the Notary Foundation's Board of Governors. Please tell us about the experience.**

Wayne: My original 3-year appointment was extended to 6 years. I felt at home with the Foundation and its principles of community, sharing, and support. The Foundation members always put a lot of thought into where the Foundation placed its limited funds. I seemed to fit into the Foundation because the considerations were aligned to my family's principles. The experience with the Notary Foundation strengthened my family's resolve to improve community life by helping out with money, elbow-grease, and encouragement.

The Scrivener: **Please tell us about your family involvement in charities in Victoria and your philanthropic work.**

Wayne: I am uncomfortable with words like *charity* and *philanthropy*. It is a cultural imperative—not an option—to be involved in community, whatever form it takes . . . education, health, amateur sports, arts, you name it. My family doesn't just chuck in money, we participate. When my kids were growing up, I would suggest to them that for every buck we earn we should try to plough back 50 cents. That maxim is alive and well today.

The Scrivener: **You now have an exciting new role in your community, at Royal Roads University.**

Wayne: My role as both Chancellor and Chairman of the Board of Governors of such a prestigious university is the highlight of my life. Given my decidedly nonacademic background, the appointment is testimony to Mother Nature's irrepressible sense of humour.

I love Royal Roads and, true to form, I dive in head first and get involved in every aspect of university life and culture. Being a busybody and precariously curious, I explore all corners, doing way more than necessary while trying to avoid micromanagement.

I get into the daily life of the University, meeting with President Allan, his executive, the grounds-keepers, janitors, students, faculty, and alumni and I attend classes whenever I can.

I look forward to every minute I spend on possibly the most beautiful campus in Canada—a 565-acre Juan de Fuca-seafront National Heritage site. ▲

Wayne Strandlund is an Honours graduate of UVic and founder, President, and CEO of Fisgard Capital, a Victoria-based family-owned mortgage banking and investment fund. He is a member of the Canadian Real Estate Association (since 1968), the Canadian Association of Accredited Mortgage Professionals, and many other investment and real estate trade associations, including the Victoria Real Estate Board and BCREA. Wayne has represented the real estate industry on the Treaty Negotiations Advisory Committee and the British Columbia Expropriation Association.

Notary Foundation of British Columbia
Financial Statements
For the year ended June 30, 2014

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Independent Auditors' Report

To the Members of the
Notary Foundation of British Columbia

We have audited the accompanying financial statements of the Notary Foundation of British Columbia which comprise the Statement of Financial Position as at June 30, 2014 and the Statement of Operations, Changes in Net Assets and Cash Flows for the year then ended, and summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Notary Foundation of British Columbia as at June 30, 2014, and the results of its operations and its cash flows for the years ended are prepared, in accordance with Canadian standards for not-for-profit organizations.

BDO Canada LLP

Chartered Accountants

Vancouver, British Columbia
August 28, 2014

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Notary Foundation of British Columbia
Statement of Financial Position

June 30	General Fund	Education and Administrative Fund	Grants Fund	2014	2013
Current Assets					
Cash (Note 2)	$ 330,824	$ -	$ -	$ 330,824	$ 272,908
Accrued interest receivable	87,130	-	-	87,130	75,684
Short term investments (Note 3)	884,551	-	-	884,551	681,588
	1,302,505	-	-	1,302,505	1,030,180
Investments (Note 4)	1,489,605	-	-	1,489,605	1,465,043
	$ 2,792,110	$ -	$ -	$ 2,792,110	$ 2,495,223
Current Liabilities					
Accounts payable and accrued liabilities (Note 5)	$ 596,802	$ 379,703	$ 9,540	$ 986,045	$ 783,959
Interfund balances	2,195,308	(1,660,949)	(534,359)	-	-
	2,792,110	(1,281,246)	(524,819)	986,045	783,959
Net Assets	-	1,281,246	524,819	1,806,065	1,711,264
	$ 2,792,110	$ -	$ -	$ 2,792,110	$ 2,495,223

Approved by The Board of Governors:

Governor

Governor

The accompanying notes form an integral part of these financial statements.

Notary Foundation of British Columbia
Statement of Operations and Changes in Net Assets

For the year ended June 30	General Fund	Education and Administrative Fund	Grants Fund	2014	2013
Revenue (Note 6)					
Interest earned on members' trust accounts	$ 1,002,126	$ -	$ -	$ 1,002,126	$ 698,966
Investment income	227,770	-	-	227,770	33,597
	1,229,896	-	-	1,229,896	732,563
Expenses					
Education and Administrative Fund (Note 7)	-	379,783	-	379,783	302,938
Grants Fund	-	-	158,510	158,510	76,300
Legal Services Society of British Columbia	596,802	-	-	596,802	476,048
	596,802	379,783	158,510	1,135,095	855,286
Excess of revenue over expenses (expenses over revenue)	633,094	(379,783)	(158,510)	94,801	(122,723)
Net assets, beginning of the year	-	1,136,445	574,819	1,711,264	1,833,987
Transfer (to) from Education and Administrative Fund	(524,584)	524,584	-	-	-
Transfer (to) from Grants Fund	(108,510)	-	108,510	-	-
Net assets, end of year	$ -	$ 1,281,246	$ 524,819	$ 1,806,065	$ 1,711,264

The accompanying notes form an integral part of these financial statements.

Notary Foundation of British Columbia
Statement of Cash Flows

For the year ended June 30,	2014	2013
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses (expenses over revenue)	$ 94,801	$ (122,723)
Item not involving cash		
Unrealized gains (losses) on investments	(144,800)	132,976
	(49,999)	10,253
Changes in non-cash working capital balances		
Accrued interest receivable	(11,446)	11,022
Accounts payable and accrued liabilities	202,086	(85,538)
	140,641	(64,263)
Investing activity		
Purchase of investments, net	(82,725)	(165,008)
Increase (decrease) in cash during the year	57,916	(229,271)
Cash, beginning of year	272,908	502,179
Cash, end of year	$ 330,824	$ 272,908

The accompanying notes are an integral part of these financial statements

5

1. Significant Accounting Policies

a) Purpose

The Notary Foundation of British Columbia (the "Foundation") was established in 1986 under Section 50 of the Notaries Act. The Foundation is a not-for-profit organization, which receives funding from interest earned on the pooled trust funds of the notaries.

The Foundation is to establish and maintain funds to be used for the purpose of:

- legal education, legal research and legal aid,
- salary, administration, education and continuing education for notaries and applicants for enrolment as notaries,
- establishing, operating and maintaining law libraries in the Province of British Columbia

b) Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations ("ASNPO").

c) Fund Accounting

These financial statements have been prepared on the restricted fund method of accounting for not-for-profit organizations. The Foundation is a tax exempt body under Section 149 of the Income Tax Act.

d) Financial Instruments

Financial Instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market as well as bonds are reported at fair value, with any unrealized gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and capitalized to the financial instrument for those measured at amortized cost.

1. Significant Accounting Policies - Continued

e) Revenue Recognition

The interest earned on members' trust accounts is calculated net of bank changes and remitted to the Foundation based upon agreements made with individual financial institutions. The trust accounts are not the property of nor are they administered by the Foundation. The interest earned on members' trust accounts held in financial institutions is recognized by the Foundation on an accrual basis when collection is reasonably estimated and assured.

Investment income includes gains and losses on sale of investments, interest and dividend income and gains or losses resulting from changes in the fair market value of investments. Interest and dividend income is recognized when earned and is allocated on a predetermined basis amongst the funds.

f) Grants

Grants are recorded in the Foundation's accounts in the year of authorization.

g) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Cash

The Foundation's cash is held in various Canadian chartered banks. The accounts earn interest at prevailing market rates.

3. Short-term Investments

Investments are comprised of:

	2014 Market Value	2013 Market Value
Foreign equities	$ 152,802	$ 162,820
Canadian equities	617,331	465,268
Cash	114,418	53,500
	$ 884,551	$ 681,588

The Foundations investments are held through one Canadian investment management company.

Equities are classified as short-term investments as they are revolving equities.

4. Investments

	2014 Market Value	2013 Market Value
Corporate bonds	$ 769,788	$ 715,564
Government bonds	719,817	749,479
	$ 1,489,605	$ 1,465,043

The corporate bonds bear interest from 4.260% to 5.280% (2013 - 4.260% to 5.100%) per annum and mature between October 22, 2014 and September 10, 2025. The government bonds bear interest from 2.550% to 5.500% (2013 - 3.000% to 5.500%) per annum and mature between November 15, 2018 and December 12, 2036.

June 30, 2014

5. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities pertain to the allocation of revenue from the General Fund less payments and are comprised of the following:

	2014	2013
Legal Services Society of British Columbia		
Balance, beginning of period	$ 476,046	$ 528,352
Earned revenue from General Fund	596,802	476,046
Payments to Legal Services Society of British Columbia	(476,046)	(528,352)
	596,802	476,046
Education, administrative and grant payables	389,243	307,913
Balance, end of the year	$ 986,045	$ 783,959

Included in the current education, administrative and grant payables is $379,703 (2013 - $302,913) due to the Society of Notaries Public of British Columbia (Note 7).

6. Allocation of Revenue

Restricted contributions are disbursed based on the donor's written direction. Unrestricted contributions and realized revenue earned by the Foundation must be disbursed as follows:

a) 55% to be paid to the Legal Services Society of British Columbia.

b) 10% to be used for legal education, legal research and the establishing, operating and maintaining of law libraries in the Province of British Columbia (the "Grants Fund"). Grant Funds are recognized as payable once approved by the Board of Governors.

c) 35% to be used for salary, administrative, education and continuing education of notaries and notarial applicants (the "Education and Administrative Fund"). The Foundation provides an annual grant to the Society of Notaries Public of British Columbia (the "Society") to fund Education and Continuing Education initiatives which are carried out by the Society on behalf of the Foundation in order for the Foundation to meets its obligation pursuant to its articles of incorporation under the Notaries Act. The Foundation may maintain a reserve fund composed of up to three years of contributions to the Education and Administrative Fund (the "Foundation Reserve Fund").

7. Related Party Transactions

During the year, the Foundation had paid grants in the amount of $379,783 (2013 - $302,938) to the Society which was used by the Society to fund Education and Continuing Education initiatives as described in Note 6(c) which includes salary, administrative, education and continuing education of notaries and notarial applicants and in accordance with the Governance Agreement and the Notaries Act of British Columbia. The transactions are in the normal course of operations and are measured at their carrying amount.

8. Financial Instruments Risks

The Foundation, through its financial assets and liabilities, is exposed to various risks. The Foundation has in place an investment policy for the purpose of reducing these risks through prudent management of the portfolio. The following analysis provides a measurement of those risks at June 30, 2014.

(a) Credit and Market Risk

Credit risk is the risk that The Foundation will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Foundation to significant concentrations of credit risk consist primarily of cash, short-term investments, investments and accrued interest receivable. Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. The Foundation limits its exposure to credit risk by placing its cash, short-term investments and investments with high credit quality governments, financial institutions, corporations and Canadian and foreign equities in accordance with investment policies adopted by the Foundation. Risk and volatility of investment returns are mitigated through the diversification of investments in different geographic regions and different investment vehicles.

(b) Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation has limited exposure to foreign exchange risk as 90% of all financial instruments are denominated in Canadian dollars.

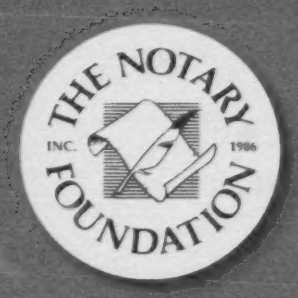
(c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rates and terms of cash, short-term investments, and investments are as disclosed in Notes 2, 3, and 4.

8. Financial Instruments Risks - Continued

(d) Liquidity Risk

Liquidity risk is the risk that The Foundation will not be able to meet its obligations as they fall due. The Foundation maintains adequate levels of working capital to ensure all its obligations can be met when they fall due. Investments are also held in securities that can be liquidated within a few days notice.



BUILDING BETTER COMMUNITIES, ONE GRANT AT A TIME

The Notary Foundation of British Columbia

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